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Canada  
Statistics  
Economic conditions in Canada  
and other countries.  
1926.

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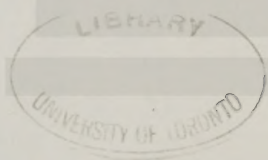








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ECONOMIC CONDITIONS IN CANADA AND OTHER COUNTRIES IN 1926  
AS REFLECTED IN PRICE MOVEMENTS AND OTHER FACTORS.  
PRELIMINARY REVIEW.

During the year 1926 the world advanced another step in the direction of recovery from the effects of the Great War. But for the unfortunate labour troubles in Britain the advance would have been more marked; as it was, the General Strike and, more particularly, the Coal Miners' dispute, was a severe retarding factor to progress in Great Britain and one with important ramifications of world wide extent. The British Coal Strike stimulated competitive coal fields but ultimately led to a coal shortage which handicapped industry in different parts of the world and obstructed trade through higher freight rates. The effect on British Industry was, of course, most serious. Higher costs of production shackled export industries and put them in an unfavorable position as compared with their competitors whose trade was thus benefited. On the other hand, lower purchasing power in Britain, due to unemployment and diminished trade, affected foreign and empire industries by lessening imports. The effect of the British Strike was probably reflected in Canada in the improved conditions of the coal and steel industries in the Maritimes, in smaller exports of dairy products and cattle and to some extent in diminished exports of wheat during the latter part of the year.

Conditions in China were another factor of importance in retarding world trade. They were largely responsible for the fall in the price of silver which affected Canadian producers.

Despite these handicaps there was a measure of improvement in world economic conditions. Noteworthy among the visible signs of the advance were the stabilization of the Belgian currency, the rise in the value of the franc and exchange improvements in several countries. In North America, Canada and the United States experienced a year in which business conditions were on the upswing, resulting in records being broken in some important spheres of activity.

In Canada both the investment and speculative activities of the stock market, savings deposits and newsprint production attained record levels. Employment was at the highest figure since 1920. Indices of the Physical Volume of Business showed good advances and another large crop was harvested. Mining development was again a feature of the year's activity.

An unusual concomitant of the rising tide of prosperity was a falling price level. This is explained by the fact that the gains in industry and trade were not accompanied by inflationary tendencies. So far as industry is concerned there was no undue extension of credit facilities. On the other hand certain important raw products such as cotton, rubber, jute, grains and potatoes, due to more abundant supplies, fell considerably in price and affected the whole prices structure. Moreover, the deflationary movement, which succeeded the return to the gold standard in Britain and other countries last year, tended to bring about a readjustment in world prices. The Dominion Bureau of Statistics Index of Wholesale Prices fell from 163.8 in January to 151.5 in November. Fisher's index in the United States was 159.2 in January and 150.9 in November.

With the conclusion of the coal strike in Britain, lower prices for important raw materials, and the further tendency toward stabilization in depreciated currencies the world outlook is hopeful for the coming year. Over against these influences must be set the difficulties to be experienced by nations which have just stabilized their currencies or who may do so during the year. Should France succeed in stabilizing the franc her trade must pass through a period of re-adjustment which is likely to lower the purchasing power of her people for world products by bringing about a diminution in her exports with consequent unemployment.

Price Movements in Various Countries.

Canada.- In Canada seven out of eight main groups of commodities registered lower price levels in November than in January. Four of the seven will have a lower average price level for the year than prevailed in 1925, the other three will average about the same as in 1925. Comparing November with January of this year Fibres, Textiles and Textile Products declined from 188.0 to 155.8, Wood, Wood Products and Paper from 159.7 to 155.5, Iron and Its Products from 147.5 to 145.7, Non-Ferrous Metals and Their Products from 105.0 to 97.7. Vegetables and Their Products from 162.3. Animals and Their Products from 148.5 to 142.8 and Non-Metallic and Their Products from 177.2 to 174.5. Chemicals and Allied Products were stable.

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Britain.- British Wholesale prices, as measured by the Board of Trade Index Number, fell from 151.3 in January to 143.6 in April after which, due to the coal strike, they rose steadily until 152.4 had been reached in November. The influence of the strike is obvious when the group index numbers are examined. Iron and Steel rose from 118.8 in January to 134.5 in November and other metals and minerals from 131.0 to 135.1. Cotton declined from 175.0 to 140.6 due to the record crop in the United States. Remaining groups were as follows in January and November: Other Textiles 176.4 and 152.9, All Foods 162.1 and 156.7, Other Articles 153.0 and 144.4.

United States.- In the United States the Fisher index fell from 159.2 in January to 150.9 in November. All groups of commodities with the exception of Fuel and Lighting were lower. The Bureau of Labour Index shows Farm Products to have declined from 151.8 in January 139.4 in October. Cotton and grain prices were important factors in this movement. Cloths and Clothing dropped from 185.5 to 171.5. The Miscellaneous Group which includes rubber, jute, newsprint, etc., fell from 135.3 to 128.6.

France. The index number published by the Statistical Department of France (base July 1914 = 100) rose from 647 in January to 854 in July. After that month the influence of efforts to stabilize the currency began to make themselves felt and the index was 785 in August, 804 in September and 768 in October. The monetary factor was paramount in importance in all groups but a reflection of the British coal strike is probably seen in the rise of the French index for Metals and Minerals from 837 in June and 1025 in July and the lower price for textile raw materials is evident in the decline of the textiles index from 1147 in July and 823 in October.

Germany.- The index number of the Federal Statistical Office (base 1913 = 100) was 120.0 in January and 130.2 in October. Foodstuffs rose from 114.5 to 133.9 and Industrial Materials, due mainly to the influence of the Textile Group, fell from 130.4 to 123.3.

Comparing January with the latest month for which an index is available, prices moved as follows during 1926: Downward in Canada, United States, Switzerland, Netherlands, Norway, Sweden, Denmark, Spain, Finland, Russia, Bulgaria, India, Japan, New Zealand and South Africa. Upward in Great Britain, France, Germany, Austria, Belgium, Italy, Poland, Czechoslovakia, China, Australia, New South Wales and Egypt.

Though in the case of certain countries indexes are higher currently than at the beginning of the year, nevertheless there has been a downward tendency in recent months. France, Belgium, Italy, Australia and New South Wales fall in this category.













